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**Sent:** Thur 1/16/2014 4:01:03 PM  
**Subject:** Cross-Cutting Issues News for January 16, 2014



## Cross-Cutting Issues News for January 16, 2014

### Bloomberg Daily Environment Report™ BNA

#### *Climate Change*

#### FirstEnergy Agrees With Shareholders To Report on Plan for Reducing Emissions

FirstEnergy Corp., one of the largest electric utilities in the U.S., has reached an agreement with shareholders to report on its plans for reducing greenhouse gas emissions....

## *Climate Change*

### Hoeven Acknowledges 'Uphill Battle' In Senate for Bill Blocking Power Plant Rules

Sen. John Hoeven (R-N.D.) told reporters Jan. 15 that legislation to limit the Environmental Protection Agency's authority to regulate greenhouse gases from power plants would face "an uphill battle" in the Democrat-controlled...

## *Endangered Species*

### Colorado Governor Urges State Alternative To Federal Sage Grouse Protection Plan

Colorado Gov. John Hickenlooper (D) is calling on the federal Bureau of Land Management to consider his state's alternative to the BLM's final plan to protect the greater sage grouse on federal lands in northwestern Colorado....

## *Energy*

### House Committee to Hold Hearing On W.Va. Chemical Spill Fouling Water

The House Transportation and Infrastructure Committee will hold a hearing on the West Virginia chemical spill that fouled drinking water for hundreds of thousands of people, Rep. Nick Rahall (D-W.Va.) told Bloomberg BNA Jan. 15. ...

## *Enforcement*

### EPA Says South Los Angeles Oil Field Operations Violate Federal Air, Water Laws

Allenco Energy Inc. hasn't operated its oil production facility in South Los Angeles safely or in accordance with federal clean air and water laws, according to federal regulators....

## *Mining*

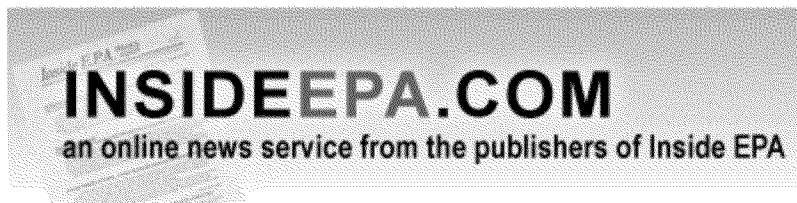
### Large-Scale Copper and Gold Mining In Bristol Bay Poses Major Risks, EPA Finds

A large-scale copper and gold mine operation near Bristol Bay, Alaska, poses significant near- and long-term risks to the region, an Environmental Protection Agency assessment released Jan. 15 found....

## *Mining*

### Minnesota Forms Advisory Panel on Sand Mining

The Minnesota Pollution Control Agency and the Minnesota Department of Natural Resources have named a 15-member advisory panel to assist them as they consider regulation of silica sand mining in the state. The panel, made up of citizens and...



Inside EPA's **Weekly Report**, 01/17/14

<http://insideepa.com/Inside-EPA/Inside-EPA-01/17/2014/menu-id-67.html>

### EPA To Weigh Preemptive Mine Veto Based On Final Bristol Bay Study

EPA's final assessment of the potential impacts of the planned Pebble Mine in Alaska's Bristol Bay watershed, released Jan. 15, will provide the basis for whether it will exercise a novel preemptive veto of the project, though a top agency official says there is no timeline for making that decision.

### Endangered Species Concerns Seen Delaying Final Cooling Water Rule

EPA is again in talks with environmentalists on the timing of its long-pending rule governing cooling water intake structures at power plants and industrial facilities, with the agency working through final Endangered Species Act (ESA) and other concerns that sources expect will delay the final measure at least two weeks.

# Greenwire

## RARE EARTHS:

# Pentagon waivers rekindle fiery debate over U.S. supply problems

Manuel Quiñones, E&E reporter

Published: Wednesday, January 15, 2014

U.S. rare earth element mining advocates say recent revelations of repeated Pentagon waivers to defense contractors for the use of Chinese magnets in the F-35 fighter jet are evidence of the need for more domestic supplies.

The Reuters report, which cited Department of Defense documents, did not specifically mention rare earths. The elements, however, are a common component in the type of magnets found in military technology.

But the revelation almost coincided with the release of a Pentagon report seeming to downplay the risk of a rare earth elements supply problem.

Underlying the developments is an ongoing debate on Capitol Hill and among defense officials -- and even between industry leaders -- over how to address China's continued dominance over rare earths.

"I think the best thing Congress could do is not grant any waivers to the requirement that they [defense contractors] buy domestic production," said Tony Marchese, Texas Rare Earth Resources Corp. chairman, in an interview. "That's what they should do."

Marchese is looking to develop a rare earths deposit in Texas. And he's one of several mining advocates who think Congress and the Pentagon need to take the supply problem more seriously.

The recently passed National Defense Authorization Act would authorize the stockpiling of certain minerals, including some harder-to-get rare earths. It would also allow the Pentagon to promote the domestic availability of materials like rare earth elements. However, several broader pieces of legislation introduced over the past several years have yet to make it into law.

"There is no United States policy on rare earths other than a lot of amendments, which get thrown on the wayside," Marchese said, noting that the rare earths issue may not affect enough politicians in enough states. "It's pure and simple politics."

In a report last fall, the Pentagon acknowledged concerns remained about materials made with rare earth elements but also cited an improving global marketplace and increasing supplies outside China.

"These materials gained considerable attention in 2011 as prices increased drastically and concerns rose over their availability especially due to one nation, China, being the source of over 95 percent of the global supply," it said.

"However," said the report, "global market forces are leading to positive changes in rare earth supply chains and a sufficient supply of most of these materials likely will be available to the defense industrial

base."

Those conclusions have not been enough to appease critics.

The House Armed Services Committee last year asked the Government Accountability Office to investigate the use of waivers for samarium-cobalt magnets, a type of rare earth magnet, for the F-35.

"The committee is increasingly concerned that this use of national security waivers contravenes the congressional intent of Public Law 110-181, which, among other purposes, is to facilitate competition and guarantee a secure supply chain of certain materials," the panel wrote last year in the report for its version of the defense authorization act.

## **Mixed messages**

There are divisions among contractors and even among mining boosters as to how important it would be to increase domestic supplies.

Marchese said defense contractors have not been vocal enough about promoting U.S. rare earths mining because they can get cheap Chinese supplies.

"The guys who have the issue are not willing to make it public," he said in an interview. "The people who have a problem aren't crying about it."

Ed Richardson, president of the U.S. Magnetic Materials Association, said he agrees with Marchese's characterization but doesn't see more domestic mines as the only solution to a supply crunch.

"There are other projects in the world that are much closer to being productive," he said in an interview. "Developing a rare earth mine takes about 10 years and a billion dollars."

But he does want the Pentagon to be more proactive. "What's really lacking is an overall strategy," he said. "They should be the ones who say, 'Look, as a country, as a Defense Department, this is where our gaps are.'"

Richardson echoed other rare earth advocates in stressing the need to boost the entire U.S. supply chain. But he added, "For the value chain to work in the U.S., everything doesn't have to be dug out of the ground here."

Lawrence Meinert, an analyst for the U.S. Geological Survey, said, "Actually, it makes a whole lot of sense to freely trade these things."

"The dominant supply for those is coming from China," he added. "That's simply a fact. And the timeline it takes to bring production from other parts of the world ... is very long."

An industry insider familiar with the situation, who spoke on condition of anonymity, said the controversy over the Pentagon waivers for the F-35 was not necessarily a rare earths supply issue.

He said U.S. law requires samarium-cobalt magnets -- not the raw minerals they are made of -- to come from a list of compliant countries, China and Japan not being among them. And he said there are suppliers among the United States and its allies.

The industry source also noted that similar restrictions don't extend to neodymium-iron-boron magnets. He said a domestic mine-to-magnets supply would be a positive development but not absolutely

necessary.

Another source close to the industry who also asked to speak anonymously said, "I tend to trust DOD's assessments of our war fighters' needs more than lobbyists who are paid to push programs and sell product to the DOD."

## **Companies push back**

The debate stirred up again when a recent *Wall Street Journal* opinion column titled "How the Great Rare-Earth Metals Crisis Vanished" caused outrage among domestic mining boosters.

"New supplies for most rare-earths are coming online, as uncertainty over China's reliability and a period of higher prices stimulated investment in new mining projects elsewhere," wrote *Wall Street Journal* Asia business editor Joseph Sternberg. He also cited the Pentagon report.

In fact, companies like Molycorp Inc., which restarted a rare earths mine in California, plus efforts at substitution or reduction of rare earths use have significantly dented China's chokehold on the rare earths sector.

However, a series of new U.S. miners want officials to differentiate between light and heavy rare earths, labeled as such because of their atomic signature.

Because China has more control over the harder-to-get heavy rare earths, companies like Texas Rare Earth Resources, Ucore Rare Metals Inc. and Rare Element Resources Ltd. are marketing themselves as the solution.

Project leaders are trying to sell themselves as the best and timelier option, especially with the relatively small amounts of heavy rare earths needed to meet current demand.

Randy Scott, CEO of Rare Element Resources, said work at the company's Bear Lodge deposit in northeastern Wyoming is "advancing quite rapidly." He boasts ongoing permitting reviews, meaningful quantities of heavy rare earths, plans for processing and what he calls a "global rare earths district."

Scott and other Rare Element Resources executives cited other government officials, including Director of National Intelligence James Clapper, who have expressed concerns about continued Chinese control of key resources.

Dan McGroarty, head of the group American Resources Policy Network and a Texas Rare Earth Resources adviser, said that while fabrication may be going on outside China, "the feedstock or raw material input is still coming far too often from China, as the sole source."

He touted the economic benefits of restarting the U.S. mine-to-magnets supply chain. And for national security, he said, "There's nothing surer in terms of supply than a U.S. source."

## **Pending legislation**

In a December column, Reuters market analyst John Kemp pointed at company efforts to satisfy demand as evidence of the free market working to correct any shortfalls.

And in that vein, he said legislation to promote the U.S. rare earths industry and restart the domestic supply chain, including grants for education initiatives, was a "classic piece of pork-barrel politics."

He was referring to a [bill](#) from Alaska GOP Sen. Lisa Murkowski that aims at updating federal mineral policies ([E&E Daily](#), Oct. 30, 2013).

"There is no doubt many of these minerals are vital to modern technology ranging from aircraft engines and computer hard drives to mobile phone displays and high-resolution medical imaging," Kemp wrote.

"But S. 1600 fails to identify a good reason their producers should receive special help from taxpayers rather than leaving provision up to the market," he added.

Former Murkowski staffer Colin Hayes, who helped write the bipartisan legislation and is now executive vice president at McBee Strategic Consulting LLC, responded in a column of his own earlier this year.

"America's reliance on foreign mineral commodities is impeding growth in a wide range of domestic industries, and in some cases it is jeopardizing our national security," he wrote.

"As if to emphasize this point, the same week Kemp's column ran, the Chinese government announced further restrictions on rare earth exports," he added.

Jim McKenzie, CEO of Ucore, which wants to develop a deposit in southeastern Alaska, said in a recent statement, "We're pleased with the ongoing support that the Bokan project continues to receive by federal lawmakers."

He added, "All indicators are that the Bokan facility will be the first and only domestic producer of dysprosium on U.S. soil when on-site production commences, thereby alleviating an issue under increasing attention in Washington."

Murkowski, top Republican on the Senate Energy and Natural Resources Committee, is hoping for the panel to take up the legislation in the coming months.

## **WILD HORSES:**

# **BLM to launch pilot projects seeking to curb herd growth**

Phil Taylor, E&E reporter

Published: Wednesday, January 15, 2014

The Bureau of Land Management in the coming months plans to begin several pilot projects to develop new and improved techniques for slowing the growth of wild horse herds in the West.

BLM this year will also be working more closely with scientists at the U.S. Geological Survey to improve how it counts horses on the range. In addition, it plans to review its policy for determining how many horses are ecologically sustainable on Western rangelands, a task fraught with legal and political challenges.

The projects are the agency's latest efforts to find cost-effective ways to manage horses in a "thriving natural ecological balance on the public lands," as required by Congress.

With few natural predators, wild horse herds can double every four years. A 1971 law requires BLM to both protect horses but also remove excess animals to maintain "appropriate management levels" and to ensure they do not infringe on other uses of public lands such as domestic grazing.

The pilot projects will seek to develop "more effective population growth suppression tools," BLM Principal Deputy Director Neil Kornze said in written [responses](#) to members of the Senate Energy and Natural Resources Committee who expressed concern over the future of the BLM program.

"Pilot efforts supported by the BLM will be peer reviewed by a group of well-qualified scientists," said Kornze, who is nominated to become BLM director.

BLM hopes to issue a request for applications for the pilot projects by March 1, said Dean Bolstad, a senior adviser for BLM's wild horse program in Washington, D.C.

That request will be based on the responses BLM received from a [request for information](#) last October to veterinarians, scientists, universities, pharmaceutical companies and other researchers for ideas on "new, innovative techniques and protocols" for wild horse population control, including longer-lasting contraception and permanent sterilization.

BLM sought information on birth control methods including surgical, chemical, pharmaceutical or mechanical, such as intrauterine devices, but it excluded surgical castration.

"It was to get an idea of what kinds of things are out there," Bolstad said, adding that responses to the RFI are proprietary until when, and if, BLM decides to award them grant money. "We just absolutely have to control the population growth with something other than 'remove, remove, remove.'"

BLM has gathered and removed more than 100,000 wild horses over the past decade, with more than half of them sent to government-funded holding facilities, a strategy almost everyone agrees is unsustainable.

Last year, BLM spent 60 percent of its wild horse budget to feed and care for horses in captivity, up from 46 percent in 2000. The number of animals in short- and long-term pens has risen to 50,000, up from 30,000 in 2008 and 10,000 in 2001.

BLM is quickly nearing its total holding capacity of 53,809.

Bolstad said the pilot projects will be determined in part by the budget BLM receives from Congress for the remaining fiscal year. The omnibus spending [bill](#) expected to pass Congress this week would provide \$77 million for wild horses, up from \$72 million that was appropriated last year.

Many horse advocacy groups would like to see BLM scale up its use of the short-term contraceptive porcine zona pellucida, a drug that, while tedious to administer, has proved successful in some herds while causing minimal stress on the horses ([Greenwire](#), July 29, 2013).

BLM treated about 1,000 mares with the PZP vaccine annually in 2011 and 2012, roughly double the rate of the past six years. But it treated just 509 horses in the last fiscal year, a small fraction of the estimated 16,000 reproducing mares on the range.

In addition to the pilot projects, BLM also intends to refine its population survey methods, Kornze told the committee.

The effort comes after a National Academy of Sciences report last June found BLM's current survey



methods may, in fact, miss up to half the horses ([Greenwire](#), June 5, 2013).

Bolstad said BLM last year worked closely with the USGS office in Fort Collins, Colo., which has agreed to provide BLM hands-on surveying expertise. The new survey methods will account for animals that are undetected and unobserved during aerial flights.

"These methods are complicated. They require statistical analysis of the data. They have to be carefully planned and designed," Bolstad said. "We're going to have much better numbers in the future."

BLM estimates 40,605 wild horses and burros currently roam 10 Western states, based on data collected last February. That's about 14,000 more horses than the lands can sustain, the agency said.

Kornze said BLM is also looking into ways to reduce the numbers of animals in off-range holding facilities by reforming the adoption program, entering into new partnerships and exploring options for lower-cost off-range holding facilities.

"Each of these efforts will be grounded in the best available science and incorporate the input of interested stakeholders," he wrote to committee members.

## **WILDLIFE:**

# **Yellowstone rejects biobullet proposal for bison**

Published: Wednesday, January 15, 2014

Yellowstone National Park officials have concluded that using so-called biobullets to prevent the spread of disease from bison to livestock would be ineffective.

Since 2010, administrators have looked into a proposal that would spend \$9 million over three decades to shoot wild bison in the park with vaccine-filled darts. The aim would be to ward off brucellosis, which can prove fatal to livestock. Researchers said about half of Yellowstone's 4,600 bison test positive for the disease.

But officials decided the darting would have few positive effects.

"We don't think it makes any sense to spend millions of taxpayer dollars and invest 30 years of effort in hopes of a small reduction in the prevalence of bison," Yellowstone Superintendent Dan Wenk said.

The ruling will be final after a 30-day public comment period.

Representatives from the cattle industry and the Montana Department of Livestock were disappointed in the park's decision.

"It's been costly for [cattle] producers," Errol Rice, vice president of the Montana Stockgrowers Association, said of the disease. "It just makes doing business in this part of the world much harder" (Matthew Brown, [AP/Denver Post](#), Jan. 14). -- JE

## **WILDLIFE:**

# **Enviros brand rare tortoises in bid to stop poaching**

Published: Wednesday, January 15, 2014

Animal conservationists are branding the domes of rare tortoises to reduce the black market value of the animals -- and make them easier to trace.

The nonprofit Turtle Conservancy aims to mark each of the estimated 360 ploughshare tortoises in captive breeding programs around the world and the 300 thought to be living in the wild. So far, no turtles or tortoises have turned up in illegal markets tracked by officials.

Habitat encroachment, hunting and poaching have brought the ploughshare and other species near extinction. Conservationists said ploughshares can garner tens of thousands of dollars on the Asian black market.

To counter the trend, sanctuaries and zoos are marring the tortoise shells with identification marks to dissuade collectors from continuing the practice.

Etching an identification code on the shells is difficult work for Paul Gibbons, managing director of the Turtle Conservancy's Behler Chelonian Center.

"It's heartbreaking that it's come to this, but it's the right thing to do," he said (Louis Sahagun, [Los Angeles Times](#), Jan. 14). -- **WW**

## **CLIMATE:**

# **Utility to slash emissions under shareholder pressure**

Published: Wednesday, January 15, 2014

Under pressure from major shareholders, one of the country's largest electric utilities will aim to cut its carbon emissions, according to New York Comptroller Thomas DiNapoli.

DiNapoli said the move by FirstEnergy Corp., which operates in six states, could encourage other energy companies to follow suit.

"Many of our energy holdings obviously have been very profitable for us in the short run," he said. "What we're trying to ensure is that in the long run that profitability is sustainable. We do see tremendous risk if issues of climate change are not incorporated into corporate strategy."

The announcement comes after DiNapoli and others filed a proposal as part of a larger effort with Ceres, an investor network that tries to press companies to be more environmentally conscious. The utility said it would research and report on how it could help meet President Obama's target to cut carbon emissions by 80 percent by 2050.

Increasingly, investors are pressing corporations to take action on climate change. According to a report from Ernst & Young, shareholder submissions grew more than 6 percent in the 2013 proxy season. Less than 40 percent of those resolutions related to environmental and social proposals. They accounted for the largest category (Diane Cardwell, *New York Times*, Jan. 14). -- **WW**

## **CALIFORNIA:**

# **Governor defends plan to redirect cap-and-trade funds for high-speed rail**

Published: Wednesday, January 15, 2014

California Gov. Jerry Brown (D) this week is standing by his decision to redirect cap-and-trade funds to the state's struggling high-speed rail project.

Brown defended his strategy to tap \$250 million of the state's funds collected from pollution credits for high-speed rail funding, which the state Legislative Analyst's Office said Monday "likely would not maximize the reduction" of emissions and was "legally risky" (*ClimateWire*, Jan. 14).

"I believe it's legal, my lawyers believe it's lawful," Brown said. "It's a very appropriate source of funding" (David Siders, *Sacramento Bee*, Jan. 13). -- **SP**

*ClimateWire* -- Thu., January 16, 2014 -- [Read the full edition](#)

## **1. RESEARCH: Toxic pollution appears to rise with Arctic melting**

Cracks in sea ice are funneling additional mercury to the Arctic surface, raising concerns about the toxic element seeping into the food chain of the delicate ecosystem, according to a new study.

## **2. STATES: Climate change will cut Calif.'s ability to make electricity just as more is needed -- report**

Climate change will decrease California's ability to make electricity while creating heavier demands for it, and the state needs to ramp up planning now, energy leaders warned yesterday.

### **TODAY'S STORIES**

## **3. WEATHER: For the U.S., 2013 was a cool year and relatively free of disasters**

## **4. TECHNOLOGY: Global investment in clean power sources drops, despite need for more**

- 5. EMISSIONS: Activists take aim at black carbon from kerosene lamps
- 6. NUCLEAR: As planners look to the future, Northwest's last plant comes under scrutiny
- 7. FORESTS: Old trees store more carbon, more quickly, than younger trees
- 8. FORESTS: Pacific trade agreement draft could facilitate illegal logging, say forest advocates
- 9. WATER: Thousands of Texans at risk of running out of water -- report
- 10. FINANCE: SolarCity moves into crowdfunding to expand solar energy projects
- 11. BUSINESS: Denmark to invest millions in climate fund
- 12. ISLANDS: Marshall Islands president wants immediate climate change action
- 13. OIL AND GAS: Tax incentives could boost U.K. fracking
- 14. NATIONS: E.U. may discard 2030 binding renewables targets

E&ETV's OnPoint

- 15. OIL AND GAS: Former pipeline safety chief McCown discusses progress on new oil-by-rail regulations

EnergyWire -- Thu., January 16, 2014 -- [Read the full edition](#)

## 1. REGULATION: Britain thwarts E.U. plan to create binding fracking rules

LONDON -- A determined lobbying campaign led by Britain has buried plans for the European Union to legislate uniform regulations on shale gas exploration across the 28 member states.

### THIS MORNING'S STORIES

- 2. NATURAL GAS: Oil majors sign onto long-awaited Alaska pipeline
- 3. ARCTIC: Shell drilling plan gets more scrutiny from Interior
- 4. EARTHQUAKES: Okla. wants more data in response to quakes
- 5. PIPELINES: Pa.-to-Texas line opens markets for shale drillers
- 6. UTILITIES: Improvements allow Southern's grid to repair itself
- 7. OUTLOOK: Slowing demand brings U.S. closer to energy self-sufficiency -- BP

- 8. UTILITIES: Calif. bill would include safety in electricity rate cases
- 9. LOBBYING: Fracking proponents spent millions in New York -- report
- 10. POLICY: U.S. Chamber prioritizes education in its energy agenda
- 11. PIPELINES: Ex-BP CEO sees exports rising from Kurdistan despite simmering conflict
- 12. NATURAL GAS: Industrial users line up as development expands in Alaska
- 13. OIL SHALE: Another developer eyes unconventional resource in Utah
- 14. NATIONS: Libya increases oil production rate for first time in almost a year
- 15. TRANSPORT: Crude-carrying train fires worry cities

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